



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

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State Treasurer Pearce Announces Successful Bond Sale of \$86.7 million

MONTPELIER, Vt.—Buoyed by a strong demand from Vermont residents, State Treasurer Beth Pearce announced today the successful sale of \$86.7 million of bonds this week. The bonds were sold in three different offerings, with bond rating agencies reaffirming Vermont's two triple-A ratings and one double-A plus rating with a positive outlook.

"I am very proud that all three rating agencies continue to reaffirm their opinions that Vermont has very strong financial management," said Pearce. "Vermont's excellent credit ratings help to finance critical projects all over the State, while keeping costs as low as possible for Vermont taxpayers."

The majority of the \$25 million of Series A Vermont Citizen bonds were sold within four hours of the offering. The general obligation bonds were made available first to Vermont residents and businesses. The bonds were sold on a negotiated basis with Morgan Stanley as senior manager; Bank of America Merrill Lynch, Citi and JP Morgan as co-managers; and eight more firms participating in the selling group. The sale took place on November 4.

The State also sold \$42.8 million of Series B bonds and \$18.9 million of Series C refunding bonds on November 6 using two competitive internet-based sales. The State received bids from 13 different banks for the Series B bonds, with the winning bid coming from Wells Fargo. The Series C bonds received 12 bids, with Morgan Stanley as the winner.

The State received an overall borrowing cost of 3.02 percent.

"Using a mix of negotiated and competitive sales diversifies the investor base for the State's bonds," said Pearce. "This is helpful as a hedge against adverse market conditions, like we saw in 2008 and 2009, because it gives us several ways to tap into the capital markets. It also enables us to make sure Vermonters have first priority when purchasing the State's bonds. Vermonters want to invest in Vermont."

The Series A and B bonds will be used to finance the rebuilding of the Waterbury State Office Complex and the new Vermont State Hospital, both of which were destroyed during Tropical Storm Irene. Other projects include school construction, phosphorus removal from Lake Champlain, and construction of State Police barracks in Brattleboro and Rockingham and the State Health Laboratory in Colchester.

The Series C bonds will be used to refinance existing bonds sold in 2004 and 2005, and will save the State almost \$1.4 million in interest costs over the next eleven years.